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From: Drost Dirk USGR
Sent: Thursday, March 05, 2009 10:05 AM
To: Carmean Kurt USGR
Subject: FW: 2009 CP Development Portfolio
Attachments: 2009 Development Project Portfolio Status_260209_CP.pdf; CP_Proj List_2009 Dev Proj Portf_26-Feb-09.xls

Importance: High

From: Barnes Jasper CHBS
Sent: Thursday, March 05, 2009 10:17 AM
To: Kirch Gerd CHBS; Weber Hans CHBS; Stypa Marian USGR; Drost Dirk USGR; Doppmann Franz SGSG; Mostert Meier Irmgard SGSG; Gallina Fernando BRSP; Boscolo Patricia BRSP
Cc: Furter Rolf CHBS
Subject: FW: 2009 CP Development Portfolio
Importance: High

All,

We are expecting you to work as a Development Team to ensure your Regional Head is fully briefed on the outcome of these discussions and the final decisions. Please ensure you arrange time with them to do this so there is no confusion about the decisions at the CPLT. Thanks for your help!

Regards,

Dr. Jasper Barnes

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From: Barnes Jasper CHBS
Sent: Thursday, March 05, 2009 4:14 PM
To: Dickinson Travis USGR; Estrada Eduardo BRSP; Lawton Tina SGSG; Sozzi Dino CHBS; Durand Robert CHBS; Faerber Martin CHBS; Marshall David CHBS; Dardier Jean-Marc CHBS; Kirch Gerd CHBS; Weber Hans CHBS; Stypa Marian USGR; Drost Dirk USGR; Doppmann Franz SGSG; Mostert Meier Irmgard SGSG; Gallina Fernando BRSP; Boscolo Patricia BRSP; Ball Christopher CHBS; Friedmann Adrian Alberto CHBS; Diggelmann Martin CHBS; Hou Yili CHBS; Molitor Elvira CHBS; Shaw Elizabeth CHBS; Haessler Guenther CHBS
Cc: Furter Rolf CHBS; Neill Rob CHBS; Stepan Michael CHBS; Favrel Sylvie CHBS; Amrein Josef CHBS
Subject: 2009 CP Development Portfolio
Importance: High

Sent on behalf of Rolf Furter and Rob Neill

Over the past weeks, Product Development has worked to finalize and agree the 2009 budget. Within the present financial situation, we are focused on a budget of \$319M. To achieve this target, intense cash savings were required across all functions. This has created a bottleneck for the external resources for Product Safety (PS) where we have a present demand of ~\$54m for CP, against a budget of ~\$34m. **We are now taking the essential steps to bring this demand down to a manageable level of \$34M.**

To support and move the decision-making process forward, we have created a proposal for decision-making. Attached you will find a presentation and spreadsheet containing all projects within the existing portfolio for 2009.

Within the spreadsheet;

- All Green Zone projects do **not require External \$\$ in PS and can be supported in 2009.**
- All Purple Zone Projects require **External \$\$ or Internal Resources** in PS, but paid for by Marketing and Sales and are not affected by the Development budget restrictions
- All Yellow Zone are "Ongoing" Projects and require **External \$\$ in PS paid for by Development**
- All Red Zone projects are "New Projects 2009 "and require **External \$\$ in PS paid for by Development** (new projects that do not require External \$\$ in PS are in the Green Zone).

A Red Line is drawn at a PS External \$\$ demand of ~\$34M for CP. The PS external resource requirements in the projects **below the red line cannot be supported by Development budget in 2009.** This means that:

- 1) Majority of projects across all types, on-going or new, will be completed in 2009, because they do not require External \$\$ in PS, or these costs are covered by Marketing and Sales as defined in our agreed project finance rules.
- 1) Several projects, on-going or new, across all project types (AI New to Extensions) will need to be placed onto a waiting list.

Projects were sorted using by priority and decreasing PS external cash demand:

1. Capability & Technology (multi-ai, multi-formulation projects)
2. AI New
3. AI & Product Maintenance (ai maintenance, ai re-registration, stewardship)
4. PLCM: New Formulations, Idea Evaluations
5. PLCM: Extensions
6. New projects for 2009 and Placeholders Product Portfolio (all project types)

To avoid complexity and endless discussion, we want to keep this decision-making on a project level, and avoid a deep dive into minute task details. You will need to focus your discussions on projects that fall into the yellow and purple zone where we can still manage transfer of external PS resources.

- 1) In The Yellow Zone below the Red Line, identify the projects which are business critical, meaning that delaying PS activities by 1 year would translate into a significant loss opportunity.
- 2) In The Purple Zone funded by M&S, identify projects for which PS could be postponed without significant impact on the business External PS resources saved there will be transferred to higher priority projects initially placed below the red line but considered now as being higher priority

The M&S dollars reallocated to support "Yellow " projects will need to be re-assigned to the Development Budget by our Finance colleagues. We will adhere strictly to the Finance definitions for Development costs versus M&S costs.

We are going to strictly adhere to the \$34M limit on external PS resource demand for CP projects.

You are expected to communicate your recommendation on the implications of this proposal by March 12, 2009. We are requesting the inputs to be consolidated by the Project and Portfolio Management Teams (Dirk Drost, Hans Weber, Irmgard Mostert, Patricia Boscolo, for the regional projects, Yili Hou, Chris Ball, Elvira Molitor and Elisabeth Shaw for the Global projects) and sent to Jasper for further consolidation and decision-making steps.

We will share and fix the CP Portfolio for 2009 during the MLT teleconference meeting planned on March 18, 2009 at 1pm (refer to meeting request sent by Sylvie Favrel earlier).

If you have any question please do not hesitate to contact either Jasper Barnes, Josef Amrein, Sylvie Favrel or Mike Stepan.

We appreciate your attention to resolving this challenge in a swift manner.

Regards,
Rolf Furter
Rob Neill